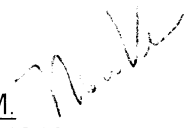


DATE: July 1, 2004

TO: Municipal Clerk

FROM: Byron E. Johnson, C.P.M. 
Director of Purchasing x 4313

THRU: Aurora Wells
Interim Bid Clerk ext. 4038

Please place the following item on the **CONSENT** agenda for the Council Meeting of **JULY 7, 2004.**

Item should read as follows:

Bid No.:	2004-009R	<u>Theatre Operations Manager for the Plaza Theatre</u>
		<u>Performing Arts Centre</u>
Award to:	SMG	
		<u>Philadelphia, PA</u>
Amount:	No Management Fee	
District (s):	8	

The Evaluation Committee and the Plaza Theatre Core Group, based on evaluation factors established for this RFP, recommend award of this RFP to SMG. The Committee and Core Group recommend Option 2 in which the Plaza Theatre is operated by SMG as part of its current operation at the El Paso Convention Center Complex. There will be no additional fees to the City with this option.

It is requested authorization that the Mayor be authorized to execute any related contract documents, amendments, and agreements as necessary to effect this.

It is also requested that the Mayor and Staff be authorized to execute budget transfers for this award, as necessary during the contract period.

Contact person: Monica Vera, Administrative Analyst at 541-4234.

AGENDA FOR: **JULY 7, 2004**

Agenda Item Form

Agenda Date: JULY 7, 2004

Districts Affected: All

Dept. Head/Contact Information: Byron Johnson, Director of Purchasing

Type of Agenda Item:

- | | | |
|--|---|--|
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Staffing Table Changes | <input type="checkbox"/> Board Appointments |
| <input type="checkbox"/> Tax Installment Agreements | <input type="checkbox"/> Tax Refunds | <input type="checkbox"/> Donations |
| <input checked="" type="checkbox"/> RFP/ BID/ Best Value Procurement | <input type="checkbox"/> Budget Transfer | <input type="checkbox"/> Item Placed by Citizen |
| <input type="checkbox"/> Application for Facility Use | <input type="checkbox"/> Bldg. Permits/Inspection | <input type="checkbox"/> Introduction of Ordinance |
| <input type="checkbox"/> Interlocal Agreements | <input type="checkbox"/> Contract/Lease Agreement | <input type="checkbox"/> Grant Application |
| <input type="checkbox"/> Other _____ | | |

Funding Source:

- ☐ General Fund
- ☐ Grant (duration of funds: _____ Months)
- ☒ Other Source: None

Legal:

- ☒ Legal Review Required Attorney Assigned (please scroll down): None ☐ Approved ☐ Denied

Timeline Priority: ☒ High ☐ Medium ☐ Low # of days: _____

Why is this item necessary:

To award contract for a Theatre Operations Manager for the Plaza Theatre Performing Arts Center.

Explain Costs, including ongoing maintenance and operating expenditures, or Cost Savings:

There are no additional fees to the City for Option 2 of the proposal from SMG.

Statutory or Citizen Concerns:

None

Departmental Concerns:

None

PROJECT FORM

Date: June 29, 2004

PROJECT: Theatre Operations Manager for the Plaza Theatre Performing Arts Centre
RFP NO: 2004-009R
REPRESENTATIVE
DISTRICT: 8

RECOMMENDATION: Vendor: SMG
Philadelphia, PA
Amount: No Management Fee

The Evaluation Committee and the Plaza Theatre Core Group, based on evaluation factors established for this RFP, recommend award of this RFP to SMG. The Committee and Core Group recommend Option 2 in which the Plaza Theatre is operated by SMG as part of its current operation at the El Paso Convention Center Complex. There will be no additional fees to the City with this option.

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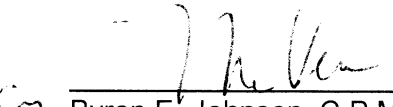
RFPs SOLICITED- 23 (4 local)
PROPOSALS RECEIVED 1
"NO BID" RECEIVED- 0

CURRENT TAXES PAID- _____
OUT-OF-TOWN-- XX

COUNCIL APPROVED _____ REJECTED _____ CITY CLERK _____

APPROVED:

Council Meeting Date: July 7, 2004


Byron E. Johnson, C.P.M.
Director of Purchasing

June 30, 2004

To: Mayor and Council

From: Bill Chapman, CFO

Re: Operator for Plaza Theater

The review committee for the responses to the RFP for an operator for the Plaza Theater met to review the sole response, which was from SMG. SMG is the current operator of the City's Civic Center and Convention and Visitors Bureau. The committee asked SMG to respond to additional written questions and make a presentation to the Plaza Theater core team, which Pat Adatao chairs, and has various City staff, El Paso Foundation members, and ECM representatives. Questions included SMG's experience in management of other performing arts centers, their recommendations on how they would market, operate, work with local groups, and their ability to book entertainment and events at the Plaza's main Theater, Children's Theater and Rooftop Garden. Some data from their responses are below.

- SMG, founded in 1977, has currently 168 facilities which include:
 - 69 arenas,
 - 7 stadiums,
 - 49 convention centers
 - And 33 performing arts centers
- SMG is a joint venture between The Hyatt Hotel Company and ARAMARK Corporation
- SMG currently manages and provides services to theatres with more than 111,000 seats.
- All of the SMG managed facilities have experienced an increase in their attendance and the number and variety of events held at their theatres.

SMG Theatres

Bill Graham Auditorium
Terrace Theatre
Times Union Center
Jackie Gleason Theatre
Abraham Chavez Theatre
Palace Theatre
Mahalia Jackson Theatre
Sovereign PAC

San Francisco, CA
Long Beach, CA
Jacksonville, FL
Miami Beach, FL
El Paso, TX
Albany, NY
New Orleans, LA
Reading, PA

SMG Facilities

- Reliant Park
- Moscone Center
- Laredo Entertainment Center
- Denver Convention Complex
- Oakland-Alameda County Arena
- Soldier Field
- Miami Beach Convention Center
- Atlantic City Convention Center
- Save Mart Center
- Hawai'i Convention Center
- El Paso Convention Center
- Palm Springs Convention Center
- Corpus Christi Arena

Industry Contacts

TBA Entertainment	Jack Utsick Presents
Beaver Productions	JAM Productions
Cheval Theater	Magic Entertainment
Cirque du Soleil	Events, Inc.
ClearChannel	Concerts West
IMG	Disney
House of Blues	Metropolitan Ent
AEG	Feld Entertainment
Tibor Rudis Group	VEE

SMG proposed two options (A copy of which follows the recommendation):

- Managing the Theater with a separate operation.
- Managing the Theater as part of SMG's existing contract.

Option number two was unanimously accepted by the core team, as there would be no additional management costs that the Plaza Theater would have to incur.

We would recommend that Council award the operator's contract, with staff to negotiate amendments to the present SMG contract for new performance measures for incentive fees. The amended contract would then be brought back to Council for approval.

SMG

El Paso Plaza Performing Arts Theatre

Proposed Compensation

June 9, 2004

Pre-Opening Services

Normal hourly rates based upon a mutually agreed upon budget.

Management Services Option #1:

Under this option, The Plaza Theatre is operated by SMG on a stand-alone basis, separate from the Abraham Chavez Theatre.

Base Management Fee:

\$75,000 per year; subject to annual CPI adjustments

Incentive Fee:

We look forward to negotiating an incentive fee, the structure of which will be designed to meet with goals of the City and the Theatre.

The incentive fee may be based upon the following components:

- Improvements to agreed upon expense/revenue benchmarks
- Subsidy/deficit reduction
- Subjective criteria mutually agreed upon between the City and SMG, such as:
 - o Community Involvement
 - o Customer Service
 - o Operational Excellence

Management Services Option #2:

Under this option, the Plaza Theatre is operated by SMG as part of its current operation at the El Paso Convention Center Complex, as the Abraham Chavez Theatre is assumed to close:

In this case, we propose to amend SMG's current management agreement to include management of the Plaza Theatre at **NO ADDITIONAL FEES TO THE CITY.**

SMG will ensure the final negotiated business terms will comply with IRS Revenue Procedure 97-13.

MEMORANDUM

DATE: June 23, 2004
TO: Contract File
FROM: Monica Vera
SUBJECT: RFP 2004-009R

Solicitation Packages were sent to 23 potential proposers, 5 bid information services. One proposal was received from SMG.

A pre-proposal meeting for this RFP was held October 15, 2003 after the Construction Pre-Bid Meeting. Representatives from SMG, Arts Center Enterprises, and Compass Facility Management, Inc. were present.

Arts Center Enterprises was contacted and asked why they did not submit a proposal. They stated that it was a combination of the following factors:

- Time has passed since initiated and other opportunities have been presented and resources have been sent to other markets. Limited resources.
- JAM Theatrical is established in this area for Broadway productions at Abraham Chavez. Clear Channel did not want to compete with JAM as a presenter for this marketplace. Clear Channel did not want to run the Theatre without being a presenter.
- The fee structure would be difficult for Arts Center Enterprises without Clear Channel participation.

Several attempts were made to contact Compass Facility Management to inquire as to why they did not submit a proposal. They have not returned phone calls.